GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4523
ANSWERED ON:23.12.2005
ECONOMIC DEVELOPMENT OF HR
Sethi Shri Arjun Charan

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has stressed the need to increase allocation of funds by the Central Government to States for Economic Development of Human Resources;

(b) if so, the details thereof;

(c) steps taken/proposed to be taken therefrom;

(d) achievement made till date, State-wise; and

(e) the policy of the Government with regard to harnessing the human resource potential in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): The Reserve Bank of India (RBI) Annual Report 2004-05 in its Assessment and Prospects states that `Improvement in State finances will enable the States to step up their expenditure on education and health with a beneficial impact on the quality of life and the country`s ranking in terms of Human Development Index. In the recent years, exports of services such as software and ITES-BPO services have recorded strong growth. For this growth momentum to be maintained, it is necessary that public expenditure on education should reverse its declining trend: total expenditure by the State Governments on education is budgeted to decline from 2.5 per cent of GDP in 2003-04 to 2.3 per cent in 2005-06. Moreover, given the demographic profile, the demand for education is slated to increase further. Accordingly, the improvement in State finances will enable the States to increase their expenditure on education and other social services and thereby improve the quality of overall social infrastructure so that India can realize its potential`.

(c), (d) & (e): Development of Human Resources forms an integral part of our overall economic planning and ongoing economic reforms. An education cess of 2 per cent on all direct and indirect Central taxes has been imposed through the Finance (No.2) Act, 2004. The proceeds from the cess are available on a rollover basis for the schemes of basic Education under Sarva Shiksha Abhiyan Programme and the Mid-Day Meal Scheme.